

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 SAJ-01 INT-08 AGR-20

SWF-02 SCI-06 STR-08 DRC-01 /211 W

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R 111011Z SEP 74

FM USMISSION BERLIN

TO SECSTATE WASHDC 3950

INFO AMEMBASSY BONN

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E.O. 11652 GDS

TAGS: EGEN, ETRD, GE, GW, US

SUBJ: LEIPZIG 1974 FALL FAIR: HIGHLIGHTS

REF: BERLIN A-183

1. SUMMARY: ESTABLISHMENT OF US-GDR RELATIONS ON SEPTEMBER 4 HAD ALMOST IMMEDIATE IMPACT IN FORM OF IMPROVED ATMOSPHERICS AT LEIPZIG ALTHOUGH MORE CONCRETE COMMERCIAL RESULTS NOT APPARENT. FRG-GDR CONTACTS ESSENTIALLY PRO FORMA; IGT "SWING" NOT DISCUSSED. END SUMMARY

2. AT JUST-CONCLUDED LEIPZIG FAIR, HIGH-RANKING GDR GOVERNMENT OFFICIALS FOR FIRST TIME VISITED EXHIBITS OF AMERICAN FIRMS. STATE SECRETARY BEIL OF GDR MINISTRY FOR FOREIGN TRADE CALLED ON DOW CHEMICAL AND BRINSWICK CORPORATION AND BEIL'S DEPUTY, SIEBOLD KIRSTEN, VISITED INTERNATIONAL VIDEOTAPE CORPORATION (IVC). LATTER EXHIBIT ALSO TOURED BY GDR EDUCATION MINISTER MARGOT HONECKER. VISITS WERE CEREMONIAL IN NATURE, DISCUSSIONS CONSISTING PRIMARILY OF GENERALITIES.

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CONVERSATION AT BRUNSWICK CENTERED ON RECENT SALE TO GDR

OF BOWLING ALLEYS FOR INSTALLATION IN EAST BERLIN AND SALES  
POSSIBILITIES OF FIRM'S CHEMICALS CONTROL EQUIPMENT.

3. DISCUSSION AT DOW, IN PRESENCE OF MISSION OFFICER, DEALT  
LARGELY WITH CURRENT BUSINESS -- \$45 MILLION  
DEAL OVER THREE YEAR PERIOD WITH GDR PROVIDING DOW (NETHERLANDS)  
A PETROCHEMICAL FEEDSTOCK (C 4) AND OBTAINING BUTADIENE IN RETURN.  
ALSO DISCUSSED WAS DOW'S INTEREST IN OBTAINING  
GDR-PRODUCED ETHYLENE, A PROJECT APPARENTLY IN SOME  
DOUBT NOW BECAUSE DESTRUCTION IN JULY OF ETHYLENE PRODUCTION  
FACILITY IN BOHEMIA MAY REQUIRE SHIFT OF SOME GDR ETHYLENE  
TO CZECHOSLOVAKIA. DOW ALSO PURSUED INTEREST IN ESTABLISHING REPRE-  
SENTATIVE OFFICE IN EAST BERLIN.

4. ATTENTION TO IVC EXHIBIT ON PART OF GDR BUREAUCRACY DUE TO  
FIRM'S PAST COMMERCIAL SUCCESS IN EAST GERMANY AND POSSIBILITY  
IT MIGHT IN NEXT FEW DAYS PULL DOWN A \$1.5 MILLION ORDER TO  
INSTALL A COMPLETE VIDEO TAPE RECORDER SYSTEM IN PALAST DER  
REPUBLIK (BERLIN A-134, JUNE 5, 1973), NOW UNDER CONSTRUCTION IN  
EAST BERLIN.

5. AT SEPTEMBER 4 GDR CHAMBER FOR FOREIGN TRADE RECEPTION,  
MISSION OFFICER WAS SOUGHT OUT AND INTRODUCED TO MINISTER FOR  
FOREIGN TRADE SOELLE AND OTHER MINISTRY OFFICIALS. EAST  
GERMANS, CLEARLY ANXIOUS TO DEMONSTRATE GOOD WILL,  
WERE EXTREMELY CORDIAL THROUGHOUT MEETINGS WHICH LASTED  
SOME 10-15 MINUTES. IN SUBSEQUENT BRIEF INTERVIEW WITH  
FAIR SERVICE OF GDR RADIO, MISSION OFFICER SAID THAT LOW  
CURRENT LEVEL OF BILATERAL TRADE MADE IT ALSMOST CERTAIN  
THAT TRADE WOULD GROW BUT CAUTIONED THAT TRADE EXPANSION WAS  
DEPENDENT ON MORE THAN ESTABLISHEMENT OF RELATIONS.

6. THERE WERE SEVERAL FRG-GDR ENCOUNTERS IN LEIPZIG, MOST  
PUBLICITY BEING ACCORDED FIRST-EVER MEETING BETWEEN SED  
FIRST SECRETARY HONECKER AND FRG PERMANENT REPRESENTATIVE GAUS  
ON SEPTEMBER 1 AT EXHIBIT OF HOECHST AG (BERLIN 1511).  
THIS SEMI-PUBLIC MEETING AS WELL AS TRADITIONAL FAIR GET-  
TOGETHER OF SOELLE AND HIS DEPUTY, BEHRENDT, AND FRG STATE  
SECRETARY ROHWEDDER NEVER GOT DOWN TO SPECIFICS, ACCORDING  
TO OFFICIAL OF WEST BERLIN'S INNER-GERMAN TRADE OFFICE  
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(TREUHANDSTELLE FUER DEN INTERZONENHANDEL). OUR  
SOURCE MAINTAINED THAT NOT ONE WORD WAS DEVOTED TO EXTENSION  
OF INTEREST-FREE SWING CREDIT SINCE FRG POSITION IS THAT GDR  
AS DEMANDEUR SHOULD RAISE SUBJECT. AGREEMENT WAS REACHED,  
HOWEVER, THAT TWO SIDES WOULD GET TOGETHER IN BERLIN IN NEXT  
FEW WEEKS TO WORK OUT ARRANGEMENTS FOR MINING BY FRG OF BROWN  
COAL DEPOSITS LYING ON GDR TERRITORY IN VICINITY OF HELMSTEDT.

7. MORE COMPREHENSIVE REPORT ON FAIR WILL FOLLOW.SELIGMANN

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